

Message Text

UNCLASSIFIED

PAGE 01 TEL AV 06207 301145Z

43

ACTION NEA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15 USIA-15 SAB-01

AID-05 IGA-01 EB-07 /081 W

----- 048337

R 301109Z SEP 75

FM AMEMBASSY TEL AVIV

TO SECSTATE WASHDC 8432

UNCLAS TEL AVIV 6207

E.O. 11652: NA

TAGS: EFIN, EAID, IS, AFSP

SUBJ: GOI DEFENDS NEW ECONOMIC MEASURES

REFS: A) TEL AVIV 6199, B) TEL AVIV 6170

1. SPECIAL SESSION KNESSET CONVENED SEPT 29 BY LIKUD TO DISCUSS QUESTION OF U.S. TECHNICIANS IN SINAI (REF A) AND NEW ECONOMIC MEASURES (REF B). ZALMON SHOVAL OF STATE LIST FACTION CLAIMED THAT THE LATEST ECONOMIC MEASURES WERE PROOF THAT THE GOVERNMENT'S POLICY HAD NOT ONLY FAILED, BUT WERE A QUOTE ECONOMIC HOLOCAUST UNQUOTE. BUTTRESSING HIS ARGUMENT, HE CITED: THE PRESENT IL SIX BILLION BUDGET DEFICIT COMPARED TO THE 1.5 BILLION FORECAST SIX MONTHS AGO; THE DECLINE OF EXPORTS INSTEAD OF THE PREDICTED 15 PERCENT INCREASE, THE INCREASING BALANCE OF APYEMENTS GAP WHICH THE GOI HAD SAID WOULD SHRINK AND THE DRYING UP OF FOREIGN INVESTMENT. MOREOVER THERE WERE NO NEW EFFICIENCIES IN GOVERNMENT OPERATIONS, AND MANPOWER HAD NOT BEEN TRANSFERRED FROM SERVICES TO INDUSTRY.

2. IN A VIGOROUS REBUTTAL RABINOWITZ PORTRAYED RECENT ECONOMIC MEASURES AS A POINT IN THE CONTINUUM OF GOI ECONOMIC POLICY DESIGNED TO REDUCE THE BALANCE OF PAYMENTS DEFICIT AND TO PREVENT FURTHER EROSION OF ISRAEL'S FOREIGN EXCHANGE RESERVES. THERE WAS NO PANACEA BUT ONLY A LONG AND GRADUAL PROCESS OF ADJUSTMENT. THE ACHIEVEMENTS UNDER THE GOI POLICY UNCLASSIFIED

UNCLASSIFIED

PAGE 02 TEL AV 06207 301145Z

HAVE BEEN A REDUCTION OF THREE PERCENT IN PER CAPITA PRIVATE

CONSUMPTION; NO INCREASE IN PUBLIC CONSUMPTION; A REDUCTION IN IMPORTS; AND NO GROWTH IN BUILDING CONSTRUCTION. INFLATION WAS ONLY 9.5 PERCENT IN THE FIRST EIGHT MONTHS OF 1975 COMPARED WITH MUCH HIGHER RATE LAST YEAR.

3. RABINOWITZ CONCEDED THAT SOME OBJECTIVES HAD NOT YET BEEN OBTAINED. THE INCREASING MANPOWER REQUIREMENTS FOR THE IDF AND THE LESS THAN EXPECTED NUMBER OF IMMIGRANTS RESULTED IN A SHORTAGE OF 28,000 WORKERS IN THE ECONOMY. EXPORT TARGETS HAD NOT BEEN REACHED BUT HAD SCARCELY DECLINED IN REAL TERMS. MOREOVER, RABINOWITZ REMINDED HIS AUDIENCE THAT THE GOVERNMENT HAD ALSO INTRODUCED BASIC ECONOMIC REFORMS IN THE AREAS OF INCOME TAX AND COST OF LIVING INDEX.
TOON

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CENTRAL LEGISLATURE, ECONOMIC PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 30 SEP 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975TELAV06207
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750338-0868
From: TEL AVIV
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t1975093/aaaaaclu.tel
Line Count: 75
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 75 TEL AVIV 6199, 75 TEL AVIV 6170
Review Action: RELEASED, APPROVED
Review Authority: MartinML
Review Comment: n/a
Review Content Flags:
Review Date: 10 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <10 JUN 2003 by MaustMC>; APPROVED <11 FEB 2004 by MartinML>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GOI DEFENDS NEW ECONOMIC MEASURES
TAGS: EFIN, EAID, IS
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006